

22 Commerce Bill, the House 3/26

MAR 10 1992

SENATE FILE 2339

BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 2268)

Supplement (of 285)

Passed Senate, Date 3/16/92 (p. 184) Passed House, Date 4/15/92 (p. 1482)
Vote: Ayes 48 Nays 0 Vote: Ayes 96 Nays 0

Approved April 28, 1992 (p. 1597)

Repassed Senate 4/16/92 (p. 1452)
49-0

A BILL FOR

1 An Act relating to the regulation of state banks by increasing
2 the minimum time within which an examination of a state bank
3 must occur, amending certain provisions relating to investment
4 authority and asset valuation of a state bank, providing
5 greater flexibility regarding public hearings, and providing
6 for the continued suspension of certain banking laws.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2339

1 Section 1. Section 524.217, subsection 1, Code 1991, is
2 amended to read as follows:

3 1. The superintendent shall have power to make or cause to
4 be made an examination of every state bank and trust company
5 whenever in the superintendent's judgment such examination is
6 necessary or advisable, but in no event less frequently than
7 once during each ~~eighteen-month~~ two-year period. During the
8 course of each examination of a state bank or trust company,
9 inquiry shall be made as to its financial condition, the
10 security afforded to those to whom it is obligated, the
11 policies of its management, whether the requirements of law
12 have been complied with in the administration of its affairs,
13 and such other matters as the superintendent may prescribe.
14 The superintendent shall also have power to make or cause to
15 be made such limited examinations at such times and with such
16 frequency as the superintendent may deem necessary and
17 advisable to determine the condition of any state bank or
18 trust company and whether any person has violated any of the
19 provisions of this chapter.

20 Sec. 2. Section 524.305, subsection 3, Code 1991, is
21 amended to read as follows:

22 3. Within ninety days after the second publication of the
23 notice referred to in section 524.304 any person opposing the
24 pending application shall file written objections ~~thereto~~ with
25 the superintendent. Following the expiration of the ninety-
26 day period ~~referred-to-in-the-previous-sentence~~ and prior to
27 making a determination on the pending application, the
28 superintendent ~~shall~~, upon adequate notice, may afford all
29 interested persons, including the incorporators, an
30 opportunity for a stenographically reported hearing during
31 which such persons shall be allowed to present evidence in
32 support of, or in opposition to, the pending application.

33 Sec. 3. Section 524.902, subsection 2, Code 1991, is
34 amended to read as follows:

35 2. Nothing in this chapter ~~shall-be~~ is deemed to permit a

1 state bank to purchase a vendor's or vendee's interest in a
2 real property sales contract, provided, however, that a state
3 bank may loan or extend credit on the security of such an
4 interest.

5 Sec. 4. Section 524.910, subsection 2, Code 1991, is
6 amended to read as follows:

7 2. Real property purchased by a state bank at sales upon
8 foreclosure of mortgages or deeds of trust owned by it, or
9 acquired upon judgments or decrees obtained or rendered for
10 debts due it, or real property conveyed to it in satisfaction
11 of debts previously contracted in the course of its business,
12 or real property obtained by it through redemption as a junior
13 mortgagee or judgment creditor, shall be sold or otherwise
14 disposed of by the state bank within five years after title is
15 vested in the state bank, unless the time is extended by the
16 superintendent. ~~Agricultural land held by a state bank
17 pursuant to this subsection shall be valued on the books of
18 the bank at a value determined by obtaining the per-acre
19 average of the valuations for the current year and the four
20 previous years for agricultural land in the county in which
21 the agricultural land is located as published by Iowa state
22 university of science and technology. If an appraisal
23 conducted by an independent real estate appraiser is available
24 for the current year, the five-year county average shall be
25 adjusted by either adding or subtracting from the five-year
26 average the percentage by which the particular farm's current
27 appraised value exceeds or is less than the current year's
28 county average value. To the extent permitted by federal law,
29 national banks may value agricultural land on the same basis
30 as state banks.~~

31 Sec. 5. Section 524.1303, subsection 3, Code 1991, is
32 amended to read as follows:

33 3. When a state bank has proposed to dissolve by adopting
34 a plan of dissolution involving a provision for acquisition of
35 its assets and assumption of its liabilities by another state

1 bank, ~~it~~ the dissolving bank shall publish a notice of the
2 proposed transaction. The notice shall be published once each
3 week for two successive weeks in a newspaper of general
4 circulation published in the municipal corporation or
5 unincorporated area in which the dissolving bank has its
6 principal place of business, and in the municipal corporation
7 or unincorporated area in which the acquiring state bank has
8 its principal place of business, or if there is none, a
9 newspaper of general circulation published in the county or
10 counties, or in a county adjoining the county or counties, in
11 which the dissolving bank and the acquiring bank have their
12 principal place of business. ~~Such~~ The publication of notice
13 shall be made within thirty days after making application to
14 the superintendent for approval of the plan of dissolution,
15 and proof of publication of the notice shall be delivered to
16 the superintendent. The notice shall set forth the name of
17 the dissolving state bank and of the acquiring state bank, the
18 location and post-office address of the principal place of
19 business of the dissolving state bank and of the acquiring
20 state bank and of each office to be maintained by the
21 acquiring state bank and a brief statement of the nature of
22 the proposed transaction. Prior to making a determination on
23 the pending application, the superintendent ~~shall~~, upon
24 adequate notice, may afford all interested parties an
25 opportunity for a stenographically reported hearing during
26 which such parties shall be allowed to present evidence in
27 support of, or in opposition to, the pending application. If
28 the superintendent finds that the superintendent must act
29 immediately on the pending application in order to protect the
30 interests of depositors or the assets of the dissolving bank,
31 the superintendent may proceed without requiring publication
32 of the notice ~~and-without-providing-for-the-hearing~~ referred
33 to in this subsection.

34 Sec. 6. Section 524.1403, subsection 2, Code 1991, is
35 amended to read as follows:

1 2. Within one hundred eighty days after receipt of the
2 application, or within an additional period of not more than
3 sixty days after receipt of an amendment of the application,
4 the superintendent shall ~~make-a-determination~~ determine
5 whether to approve or disapprove the application on the basis
6 of the investigation. The plan shall not be modified at any
7 time after approval of the application by the superintendent.
8 Prior to making a determination on the pending application the
9 superintendent ~~shall~~, upon adequate notice, may afford all
10 interested persons an opportunity for a stenographically
11 reported hearing during which such persons shall be allowed to
12 present evidence in support of, or in opposition to, the
13 pending application. If the superintendent finds that the
14 superintendent must act immediately on the pending application
15 in order to protect the interests of depositors or the assets
16 of any party to the plan, the superintendent may proceed
17 without requiring publication of the notice ~~and-without~~
18 ~~providing-for-the-hearing~~ referred to in this subsection.
19 Before receiving the decision of the superintendent with
20 respect to the pending application, the parties to the plan
21 shall, upon notice, reimburse the superintendent to the extent
22 of the expenses incurred in connection with the application.
23 Thereafter the superintendent shall give to the parties to the
24 plan written notice of the decision and, in the event of
25 disapproval, a statement of the reasons for the decision. The
26 decision of the superintendent shall be subject to judicial
27 review in accordance with ~~the-terms-of-the-Iowa-administrative~~
28 ~~procedure-Act~~ chapter 17A.

29 Sec. 7. 1990 Iowa Acts, chapter 1274, unnumbered paragraph
30 1 after the enacting clause, as amended by 1991 Iowa Acts,
31 chapter 220, section 7, is amended to read as follows:

32 That the banking laws contained in Code chapter 524, as
33 identified by the superintendent of banking, are suspended to
34 the extent that the laws restrict any state or nationally
35 chartered bank located in Iowa or bank holding company owning

1 a bank located in Iowa in the acquisition of savings
2 associations eligible for assistance or their assets or
3 liabilities. Such suspension shall remain in effect until
4 July 1, ~~1992~~ 1993. On and after July 1, ~~1992~~ 1993, the
5 restrictions in Code chapter 524 shall be applied as though
6 acquisitions made pursuant to this resolution had not been
7 made.

8 EXPLANATION

9 This bill provides that the superintendent of banking must
10 examine every state bank and trust company as necessary, but
11 in no event less than once in every two-year period.

12 Previously, an examination had to be conducted no less
13 frequently than once in every eighteen-month period.

14 The bill provides that nothing in chapter 524 is deemed to
15 permit a state bank to purchase a vendee's interest in a real
16 property sales contract. Previously, section 524.902 stated
17 that nothing in chapter 524 is deemed to permit a state bank
18 to purchase a vendor's or vendee's interest in a real property
19 sales contract.

20 The bill strikes language relating to the method of
21 determining the value to be shown on the books of the bank of
22 agricultural land purchased upon foreclosure or acquired as a
23 result of debts due the bank.

24 The bill eliminates the requirement that the superintendent
25 of banking conduct a public hearing where an application is
26 made to charter a state bank, in the case of a purchase and
27 assumption transaction (where a state bank is proposing to
28 dissolve and provide for the acquisition of assets and
29 assumption of liabilities), or upon application being made for
30 a merger of one or more state or national banks.

31 The bill also extends the suspension of state banking laws
32 in chapter 524 which would otherwise restrict a state or
33 national bank in this state or a bank holding company
34 operating a bank in the state from acquiring certain savings
35 and loan associations regulated by the federal resolution

1 trust corporation.

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LSB 6181SV 74

mj/mc/6

SENATE FILE 2339

H-5664

1 Amend Senate File 2339, as passed by the Senate, as
2 follows:

3 1. Page 1, by striking line 28 and inserting the
4 following: "superintendent shall, upon give adequate
5 notice of the pending application, and may afford
6 all".

7 2. Page 1, line 32, by inserting after the word
8 "application." the following:

9 "The superintendent shall conduct such hearing if
10 any interested person files an objection to the
11 pending application and requests a hearing."

12 3. Page 3, by striking lines 23 and 24, and
13 inserting the following: "the pending application,
14 the superintendent shall, upon give adequate notice of
15 the pending application, and may afford all interested
16 parties an".

17 4. Page 3, line 27, by inserting after the word
18 "application." the following:

19 "The superintendent shall conduct such hearing if
20 any interested person files an objection to the
21 pending application and requests a hearing."

22 5. Page 4, by striking line 9 and inserting the
23 following: "superintendent shall, upon give adequate
24 notice of the pending application, and may afford
25 all".

26 6. Page 4, line 13, by inserting after the word
27 "application." the following:

28 "The superintendent shall conduct such hearing if
29 any interested person files an objection to the
30 pending application and requests a hearing."

By HOLVECK of Polk

SHERZAN of Polk

H-5664 FILED APRIL 2, 1992

Adopted 4/15 (p. 1487)

HOUSE AMENDMENT TO
SENATE FILE 2339

S-5713

1 Amend Senate File 2339, as passed by the Senate, as
2 follows:

3 1. Page 1, by striking line 28 and inserting the
4 following: "superintendent shall, upon give adequate
5 notice of the pending application, and may afford
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9 "The superintendent shall conduct such hearing if
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11 pending application and requests a hearing."

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16 parties an".

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19 "The superintendent shall conduct such hearing if
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21 pending application and requests a hearing."

22 5. Page 4, by striking line 9 and inserting the
23 following: "superintendent shall, upon give adequate
24 notice of the pending application, and may afford
25 all".

26 6. Page 4, line 13, by inserting after the word
27 "application." the following:

28 "The superintendent shall conduct such hearing if
29 any interested person files an objection to the
30 pending application and requests a hearing."

RECEIVED FROM THE HOUSE

S-5713 FILED APRIL 15, 1992

Senate - concurred 4/16 (p. 1453)

KINLBY, CH.
GETTINGS
LIND

SSB 2268

Commerce Now

SENATE FILE 2339
BY (PROPOSED COMMITTEE
ON COMMERCE BILL BY
CHAIRPERSON DELUHERY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

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2 the minimum time within which an examination of a state bank
3 must occur, amending certain provisions relating to investment
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8 course of each examination of a state bank or trust company,
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3 sixty days after receipt of an amendment of the application,
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5 whether to approve or disapprove the application on the basis
6 of the investigation. The plan shall not be modified at any
7 time after approval of the application by the superintendent.
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11 reported hearing during which such persons shall be allowed to
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34 the extent that the laws restrict any state or nationally
35 chartered bank located in Iowa or bank holding company owning

1 a bank located in Iowa in the acquisition of savings
2 associations eligible for assistance or their assets or
3 liabilities. Such suspension shall remain in effect until
4 July 1, ~~1992~~ 1993. On and after July 1, ~~1992~~ 1993, the
5 restrictions in Code chapter 524 shall be applied as though
6 acquisitions made pursuant to this resolution had not been
7 made.

8 EXPLANATION

9 This bill provides that the superintendent of banking must
10 examine every state bank and trust company as necessary, but
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12 Previously, an examination had to be conducted no less
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21 determining the value to be shown on the books of the bank of
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32 in chapter 524 which would otherwise restrict a state or
33 national bank in this state or a bank holding company
34 operating a bank in the state from acquiring certain savings
35 and loan associations regulated by the federal resolution

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1 trust corporation.

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SENATE FILE 2339

AN ACT

RELATING TO THE REGULATION OF STATE BANKS BY INCREASING THE MINIMUM TIME WITHIN WHICH AN EXAMINATION OF A STATE BANK MUST OCCUR, AMENDING CERTAIN PROVISIONS RELATING TO INVESTMENT AUTHORITY AND ASSET VALUATION OF A STATE BANK, PROVIDING GREATER FLEXIBILITY REGARDING PUBLIC HEARINGS, AND PROVIDING FOR THE CONTINUED SUSPENSION OF CERTAIN BANKING LAWS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 524.217, subsection 1, Code 1991, is amended to read as follows:

1. The superintendent shall have power to make or cause to be made an examination of every state bank and trust company whenever in the superintendent's judgment such examination is necessary or advisable, but in no event less frequently than once during each eighteen-month two-year period. During the course of each examination of a state bank or trust company, inquiry shall be made as to its financial condition, the security afforded to those to whom it is obligated, the policies of its management, whether the requirements of law have been complied with in the administration of its affairs, and such other matters as the superintendent may prescribe. The superintendent shall also have power to make or cause to

be made such limited examinations at such times and with such frequency as the superintendent may deem necessary and advisable to determine the condition of any state bank or trust company and whether any person has violated any of the provisions of this chapter.

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3. Within ninety days after the second publication of the notice referred to in section 524.304 any person opposing the pending application shall file written objections thereto with the superintendent. Following the expiration of the ninety-day period referred to in the previous sentence and prior to making a determination on the pending application, the superintendent shall upon give adequate notice of the pending application, and may afford all interested persons, including the incorporators, an opportunity for a stenographically reported hearing during which such persons shall be allowed to present evidence in support of, or in opposition to, the pending application.

The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing.

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2. Nothing in this chapter shall be is deemed to permit a state bank to purchase a vendor's or vendee's interest in a real property sales contract, provided, however, that a state bank may loan or extend credit on the security of such an interest.

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of debts previously contracted in the course of its business, or real property obtained by it through redemption as a junior mortgagee or judgment creditor, shall be sold or otherwise disposed of by the state bank within five years after title is vested in the state bank, unless the time is extended by the superintendent. ~~Agricultural land held by a state bank pursuant to this subsection shall be valued on the books of the bank at a value determined by obtaining the per-acre average of the valuations for the current year and the four previous years for agricultural land in the county in which the agricultural land is located as published by Iowa state university of science and technology; if an appraisal conducted by an independent real estate appraiser is available for the current year, the five-year county average shall be adjusted by either adding or subtracting from the five-year average the percentage by which the particular farm's current appraised value exceeds or is less than the current year's county average value; to the extent permitted by federal law, national banks may value agricultural land on the same basis as state banks.~~

Sec. 5. Section 524.1303, subsection 3, Code 1991, is amended to read as follows:

3. When a state bank has proposed to dissolve by adopting a plan of dissolution involving a provision for acquisition of its assets and assumption of its liabilities by another state bank, it the dissolving bank shall publish a notice of the proposed transaction. The notice shall be published once each week for two successive weeks in a newspaper of general circulation published in the municipal corporation or unincorporated area in which the dissolving bank has its principal place of business, and in the municipal corporation or unincorporated area in which the acquiring state bank has its principal place of business, or if there is none, a newspaper of general circulation published in the county or counties, or in a county adjoining the county or counties, in

which the dissolving bank and the acquiring bank have their principal place of business. Such The publication of notice shall be made within thirty days after making application to the superintendent for approval of the plan of dissolution, and proof of publication of the notice shall be delivered to the superintendent. The notice shall set forth the name of the dissolving state bank and of the acquiring state bank, the location and post-office address of the principal place of business of the dissolving state bank and of the acquiring state bank and of each office to be maintained by the acquiring state bank and a brief statement of the nature of the proposed transaction. Prior to making a determination on the pending application, the superintendent shall upon give adequate notice of the pending application, and may afford all interested parties an opportunity for a stenographically reported hearing during which such parties shall be allowed to present evidence in support of, or in opposition to, the pending application.

The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing. If the superintendent finds that the superintendent must act immediately on the pending application in order to protect the interests of depositors or the assets of the dissolving bank, the superintendent may proceed without requiring publication of the notice ~~and without providing for the hearing~~ referred to in this subsection.

Sec. 6. Section 524.1403, subsection 2, Code 1991, is amended to read as follows:

2. Within one hundred eighty days after receipt of the application, or within an additional period of not more than sixty days after receipt of an amendment of the application, the superintendent shall ~~make a determination~~ determine whether to approve or disapprove the application on the basis of the investigation. The plan shall not be modified at any

time after approval of the application by the superintendent. Prior to making a determination on the pending application the superintendent shall upon give adequate notice of the pending application, and may afford all interested persons an opportunity for a stenographically reported hearing during which such persons shall be allowed to present evidence in support of, or in opposition to, the pending application.

The superintendent shall conduct such hearing if any interested person files an objection to the pending application and requests a hearing. If the superintendent finds that the superintendent must act immediately on the pending application in order to protect the interests of depositors or the assets of any party to the plan, the superintendent may proceed without requiring publication of the notice ~~and without providing for the hearing~~ referred to in this subsection. Before receiving the decision of the superintendent with respect to the pending application, the parties to the plan shall, upon notice, reimburse the superintendent to the extent of the expenses incurred in connection with the application. Thereafter the superintendent shall give to the parties to the plan written notice of the decision and, in the event of disapproval, a statement of the reasons for the decision. The decision of the superintendent shall be subject to judicial review in accordance with ~~the terms of the Iowa Administrative Procedure Act~~ chapter 17A.

Sec. 7. 1990 Iowa Acts, chapter 1274, unnumbered paragraph 1 after the enacting clause, as amended by 1991 Iowa Acts, chapter 220, section 7, is amended to read as follows:

That the banking laws contained in Code chapter 524, as identified by the superintendent of banking, are suspended to the extent that the laws restrict any state or nationally chartered bank located in Iowa or bank holding company owning a bank located in Iowa in the acquisition of savings associations eligible for assistance or their assets or

liabilities. Such suspension shall remain in effect until July 1, 1992 1993. On and after July 1, 1992 1993, the restrictions in Code chapter 524 shall be applied as though acquisitions made pursuant to this resolution had not been made.

MICHAEL E. GRONSTAL
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2339, Seventy-fourth General Assembly.

JOHN P. DWYER
Secretary of the Senate

Approved April 28, 1992

TERRY E. BRANSTAD
Governor